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ATTORNEYS FOR COMPASS BANK

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	§	
	§	
Maluhia Eight, LLC,	§	Case No. 10-30986-hdh-11
	§	
	§	
Debtor.	§	

**AFFIDAVIT OF WILLIAM R. ROSENBERG IN SUPPORT OF THE MOTION OF
COMPASS BANK FOR RELIEF FROM AUTOMATIC STAY**

STATE OF TEXAS	§
	§
COUNTY OF DALLAS	§

Before me, the undersigned authority, on this day personally appeared William R. Rosenberg, who upon his oath, deposed and stated as follows:

1. My name is William R. Rosenberg. I am over the age of 21, am competent to testify, and the matters set forth herein are based upon my personal knowledge.
2. I am presently employed by Compass Bank ("Compass Bank") as a Vice President. This affidavit is submitted in support of the Motion of Compass Bank for Relief From Automatic Stay filed in the above-captioned case ("Motion").

3. On February 8, 2010, ("Petition Date"), Maluhia Eight, LLC ("Maluhia" or "Debtor") filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code.

4. Prior to the Petition Date, Maluhia executed a Promissory Note dated June 13, 2008 and payable to Compass Bank in the original principal amount of \$3,565,000.00 (the "Note"). A true and correct copy of the Note is attached hereto as Exhibit "A."

5. The Note is secured by that certain Mortgage executed by Maluhia and filed under Document No. 3758610 in the Real Property Records of the State of Hawaii (the "Mortgage"). The Mortgage grants a security interest and lien in the real property described in Exhibit "A" to the Mortgage ("Real Property"), together with all improvements, minerals and fixtures residing in or affixed to the Real Property, all easements, rights, water, water rights, rights of way, appurtenances and rents associated with the Real Property and any and all leasehold rights or options related to the Property (collectively, and as more fully described in the Mortgage, the "Property"). A true and correct copy of the Mortgage is attached hereto as Exhibit "B."

6. As of February 23, 2010, the total amount due to Compass Bank under the Note and Mortgage was \$3,710,907.72.

7. The Schedules filed by Maluhia reflect that there may be over 40 other secured claims against the Property as well as unpaid real estate taxes in excess of \$60,000 owed on the Property to the County of Maui, Hawaii. The Schedules reflect total secured claims against the Property in the amount of \$8,490,456.00 and a value of the Property in the amount of \$6,000,000.00.

8. This is a single asset real-estate case, and the only personal property listed by the Debtor as assets are account receivables that may be owed to it by two other entities – PRM Realty Group, LLC and M-35, LLC. PRM Realty Group, LLC, who is listed as owing over 85% of the account receivables, is listed on Schedule H as a co-debtor of the Debtor with respect to a number of its debts and is itself a debtor in a separate bankruptcy case.

9. Compass Bank seeks relief from the automatic stay pursuant to 11 U.S.C. § 362(d) to exercise all of its legal, contractual and equitable rights in and to the Property and to apply proceeds from the disposition of the Property to the indebtedness owed by Debtor to Compass Bank under the Note and Mortgage.

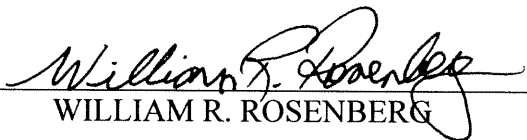
10. Sufficient cause exists to lift the automatic stay because the Debtor cannot adequately protect Compass Bank's interest in the Property. The Debtor's Schedules do not list any revenue-generating contracts associated with the Property, and the Statement of Financial Affairs further state that the Debtor has had no income from operation of its business during any of the previous three years. Upon information and belief the Property is raw land for which no development has begun or has even been planned. In addition, significant tax claims also exist against the Property, which continue to accrue and for which no funds of the Debtor are available to satisfy.

11. Compass Bank is also entitled to relief from the automatic stay since the Debtor has no equity interest in the Property nor is the Property necessary for an effective reorganization. The Debtor's Schedules state that the secured claims against the Property far exceed the value which the Debtor lists for the Property. The Debtor's response to the Motion asserts a lesser amount of secured claims against the Property (compared to the Schedules), but nonetheless acknowledges that the secured claims against the property exceed the value of the

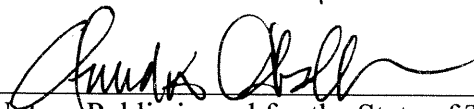
Property. Furthermore, the Debtor appears to base its assessment of value for the Property (at \$6.0 million) on an appraisal from 2008. Recent appraisals of the Property show a value for the Property of \$4.145 million.

12. Given the decline in the real estate market (especially for properties similar to the Property), a significant likelihood exists that the value of Compass Bank's collateral will continue to erode unless Compass Bank is given stay relief as requested herein.

FURTHER AFFIANT SAITH NOT.

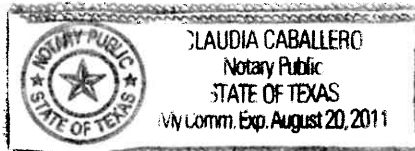

WILLIAM R. ROSENBERG

SUBSCRIBED AND SWORN TO BEFORE ME, on this 24 day of March, 2010.


Notary Public in and for the State of Texas

My Commission Expires:

Aug 20, 2011



CERTIFICATE OF SERVICE

This is to certify that on this 24th day of March, 2010, a true and correct copy of the foregoing, was served via electronic mail and/or by United States first class mail, postage prepaid, on the following parties (exhibits available upon request to the undersigned attorney). A complete hard copy of the affidavit was mailed to the Debtor's counsel, Gerrit Pronske:

undersigned attorney):

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/s/ Kenneth Stohner, Jr.

Kenneth Stohner, Jr.